

**SCOTT COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Huntsville, Tennessee

Financial Statements

June 30, 2009

C O N T E N T S

June 30, 2009

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Introductory Section

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF THE BOARD OF DIRECTORS**

June 30, 2008

Name	Position
Wayne Shoemaker	Part-time Director
Rick Russ	Chairman
Ted Carson	Vice-Chairman
Larry Lay	Member
Hertis Phillips	Member
Robert Melhorn	Member
Larry Crowley	Secretary
Roger Bridges	Member
Willie Boyatt	Member
Charlie May	Member

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Scott County Emergency Communications District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009.

FINANCIAL HIGHLIGHTS

The District's net assets increased to \$121,071, as a result of this year's operations. All of this increase is treated as business-type increases.

During the year, the District had revenues that were \$ 300,824, interest income of \$ 16,142, and expenses of \$ 195,895. This compares consistently to last year in which revenues were \$ 266,864, interest income of \$ 22,777 and with expenses of \$ 181,037.

We believe that this profit of \$ 121,071 will be necessary for additional equipment and upgrades during the next few years.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, the Statement of Revenue and Expenses and Change in Net Assets, and the Statement of Cash Flows. The Statement of Revenue and Expenses - Actual and Budget shows the budget and budget amendments and variances for the year.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District, one of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets--the difference between assets and liabilities--as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets is one indicator of whether its financial health is improving or deteriorating.

The District receives a fee that the local telephone company adds to the phone bills of the customers within the district and passes on to the district. In addition the State of Tennessee Emergency Communications collects funds from wireless customers through the various wireless vendors and shares these funds with the local emergency communications districts in the form of commissions and grants.

THE DISTRICT AS A WHOLE

The District's net assets increased from a year ago, increasing from \$ 793,221 to \$ 914,292. These business-type activities show a 15.26% increase for the year.

The District's total revenues increased by 12.73 % over the prior year. This increase is primarily the result of the equipment reimbursement grant from the State of Tennessee.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Budget was revised near year end.

Table 1
SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Balance Sheets
June 30, 2009

	2008	2009	Increase (Decrease)
Assets			
Current Assets			
Cash in Bank	203,878	278,946	\$ 75,068
Investments	482,170	492,165	9,995
Accounts Receivable	27,640	34,785	7,145
Prepaid Insurance	4,487	4,605	118
Total Current Assets	718,175	810,501	92,326
Fixed Assets			
Equipment	364,964	421,679	56,715
Less Accumulated Depreciation	(281,488)	(307,799)	(26,311)
Net Fixed Assets	83,476	113,880	30,404
Total Assets	801,651	924,381	122,730
Liabilities			
Current Liabilities	8,430	10,089	1,659
Net Assets	793,221	914,292	121,071
Total Liabilities & Net Assets	801,651	924,381	122,730

Table II

Income Statement
June 30, 2009

	2008	2009	Increase (Decrease)
Revenue			
Telephone Service Charges	114,132	99,135	(14,997)
Shared Wireless Charges	54,334	60,509	6,175
Operational Funding	86,167	77,696	(8,471)
Other Revenue	12,231	63,484	51,253
Interest Income	22,777	16,142	(6,635)
Total Revenue	289,641	316,966	27,325
Expenses			
Salaries and Wages	49,600	54,476	4,876
Benefits	23,365	21,186	(2,179)
Contracted Services	44,330	56,889	12,559
Maintenance and Repairs	12,300	3,624	(8,676)
Supplies and Materials	3,109	3,208	99
Utilities	11,955	13,437	1,482
Other Charges	13,375	16,764	3,389
Depreciation	23,003	26,311	3,308
Total Expenses	181,037	195,895	14,858
Increase (Decrease) in Net Assets	108,604	121,071	12,467
Net Assets - beginning	684,617	793,221	108,604
Net Assets - ending	793,221	914,292	\$ 121,071

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District had \$421,679, invested in capital assets, automobiles, office equipment, and communications and mapping equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's appointed officials considered many factors when setting the fiscal-year 2009 budget. In the case of an emergency communications district the revenue is estimated from local telephone use, funds available from the State of Tennessee Emergency Communications Board and interest income. From this the wage scale of employees can be determined along with the level of benefits that can be purchased for their benefit. Capital expenditures are planned along with all other goods and services necessary to run the district's operation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at Huntsville, Tennessee or call our office at 423-663-4986.

Financial Section

Dennis E. Jeffers

Certified Public Accountant

A Member of the American Institute of Certified Public Accountants

18707 North Alberta Street
Oneida, Tennessee 37841
(423) 569-6969

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Scott County Emergency Communications District
Huntsville, Tennessee

We have audited the accompanying financial statements of Scott County Emergency Communications District, a component unit of Scott County, Tennessee, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Scott County Emergency Communication District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scott County Emergency Communications District, as of June 30, 2009, and the respective changes in its financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated **November 2, 2009**, on our consideration of the Scott County Emergency Communication District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4, are not a required part of the basic financial statements but is supplementary information required by the accounting principles general accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Scott County Emergency Communications District's basic financial statements. The

introductory section and miscellaneous statistics are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplemental information listed on pages 14 and 15 are presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has been subject to auditing procedures applied to the audit of the basic financial statements and, in our opinion, are presented fairly in all material respects in relation to the basic financial taken as a whole. The introductory and miscellaneous sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee
November 2, 2009

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 278,946
Investment (certificate of deposit with 12 month maturity)	492,165
Accounts Receivable	34,785
Prepaid Insurance	<u>4,605</u>

Total Current Assets \$ 810,501

Noncurrent Assets

Vehicles	24,500
Office Equipment	10,271
Communications Equipment	<u>386,908</u>

Total Capital Assets 421,679

Accumulated Depreciation (307,799)

Capital Assets Net 113,880

TOTAL ASSETS 924,381

LIABILITIES

Compensated Absences	<u>10,089</u>
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TOTAL LIABILITIES 10,089

NET ASSETS

Invested in Capital Assets	113,380
Unrestricted	<u>800,912</u>

NET ASSETS 914,292

TOTAL LIABILITIES AND NET ASSETS \$ 924,381

The Notes to the Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Change in Fund Net Assets
For the Year Ended June 30, 2009

OPERATING REVENUE

Emergency Telephone Service Charges	\$ 99,135
Tennessee Emergency Communications Board-State Wireless Charge	60,509
Tennessee Emergency Communications Board -Operational Funding	77,696
TOTAL OPERATING REVENUE	\$ 237,340

OPERATING EXPENSES

Salaries and Wages

Director	\$ 13,580
Administrative Personnel	24,070
Other Wages Mapping	10,000
Overtime Pay	6,826
	\$ 54,476

Employee Benefits

Medical insurance	15,360
Social Security	3,377
Medicare	790
Compensated Absences	1,659
	21,186

Contracted Services

Advertising	203
Audit services	3,500
Other Contracted Services Legal	4,200
Other Contracted Services	33,768
Fees Paid to Service Providers	15,218
	56,889

Maintenance and Repairs

Office Equipment	3,624
	3,624

Supplies and Materials

Office supplies	2,508
Uniforms	400
Postage	307
	3,215

Utilities

Wireless Line Charges	5,450
Telephone	7,980
	13,430

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Change in Fund Net Assets (Continued)
For the Year Ended June 30, 2009

Other Charges	
Insurance Liability	6,845
Dues and Memberships	180
Travel	6,010
Training	2,598
Board Meeting	695
Other Charges	436
	<u>16,764</u>
Depreciation	<u>26,311</u>
Total Operating expenses	<u>195,895</u>
Operating income (loss)	41,445
Nonoperating Revenue (Expenses)	
Equipment Reimbursement	53,484
Emergency Communications Board Mapping Grant	10,000
Interest Income	16,142
Total Nonoperating Revenue (Expenses)	<u>79,626</u>
Increase (Decrease) in Net Assets	<u>121,071</u>
Net Assets - beginning of period	<u>793,221</u>
Net Assets - end of period	<u><u>\$ 914,292</u></u>

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

Cash Flows From Operating Activities:

Cash received from Telephone surcharges and other revenue	\$ 230,195
Cash paid for Services, Supplies and Employees	(168,043)
Net Cash provided by Operating Activities	\$ 62,152

Cash Flows From Capital and Related Financing Activities

Operating Grants	\$ 63,484
Net Cash Provided by Capital and Related Activities	63,484

Cash Flows From Investing Activities:

Interest Received	16,142
Investment in Fixed Assets	(56,715)
Investment in Certificates of Deposit	(9,995)
Cash Provided from Investing Activities	(50,568)

Net Increase (Decrease) in Cash and Cash Equivalents **75,068**

Cash and Cash Equivalents at Beginning of Period 203,878

Cash and Cash Equivalents at End of Period **\$ 278,946**

**Reconciliation of Operating income
to Net Cash Provided by Operating Activities:**

Net Income from Operating Activities	\$ 41,445
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	26,311
Change in Assets and Liabilities	
Increase in Prepaid insurance	(118)
Increase in compensated Absences	1,659
Increase in Accounts Receivable	(7,145)
Net Adjustments	<u>20,707</u>
Net Cash Provided by Operating Activities	<u>\$ 62,152</u>

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

1. Summary of Significant Accounting Policies:

The Financial Reporting Entity - The Scott County Emergency Communication District was formed under Tennessee Code Annotated Title 7 Section 86 Emergency Communications Districts. The district is a component unit of Scott County, Tennessee because the district is legally separate, the county court appoints the members of the board of directors of the district and the court can impose its will by changing the telephone surcharge rate and the county court can impose its will on the district by the approval of debt and borrowings.

Method of Accounting - The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Income Taxes - The District is exempt from Federal Income Taxes because of its creation by the Scott County Government.

Revenue - Operating revenues consist primarily from Highland Telephone Cooperative authorization to charge residents of Scott County \$.65 and businesses \$2.00 per month. As of June 30, 2008, the district had 7,667 residential customers and 2,400 business customers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash - The organization treats as cash; checking account balances, savings accounts, certificates of deposit with original maturities of less than three months and cash on hand.

Cash Management - Cash temporarily idle during the year was invested in a savings account and certificates of deposit. The certificates of deposit have maturities of 12 months. The Communications District earned \$16,142 on all investments for the year ended June 30, 2009.

Deposits and Investments - All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure the debt of these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect these accounts that are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purpose of credit risk disclosure.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

For deposits with financial institutions that do not participate in the bank collateral pool, the state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the entity. Scott County Emergency Communications District has an agreement with one bank for balances above FDIC limits. However, the District has three additional bank accounts not collateralized above the FDIC insurance limit. The uncollateralized amount is all interest income.

The carrying value of the districts deposits were \$771,112, and the bank balance was \$785,197. Of that amount, \$ 785,197 was insured by FDIC insurance.

Compensated Absences – It is the district's policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. Accumulated vacation pay is reported as expenditure and a liability of the fund when material and accumulated.

Fixed Assets -- Fixed assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of donation. The Straight Line method of depreciation is used to calculate depreciation over a five year period. Depreciation expense for the current year was \$26,311. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

Fixed Assets

	Balances 6/30/2008	Additions	Dispositions	Balance 6/30/2009
<u>Equipment</u>				
Office Equipment	\$ 10,271	-	-	\$ 10,271
Communication Equipment	330,193	56,715	-	386,908
Vehicles	24,500	-	-	24,500
	<u>\$ 364,964</u>	<u>56,715</u>	<u>-</u>	<u>\$ 421,679</u>
<u>Accumulated Depreciation</u>				
Office Equipment	\$ (7,552)	(778)	-	\$ (8,330)
Communication Equipment	(260,519)	(22,033)	-	\$ (282,552)
Vehicles	(13,417)	(3,500)	-	\$ (16,917)
	<u>(281,488)</u>	<u>(26,311)</u>	<u>-</u>	<u>(307,799)</u>
Net Investment in Fixed Assets	<u>\$ 83,476</u>	<u>30,404</u>	<u>-</u>	<u>\$ 113,880</u>

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(continued)

Risk Management - The District is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. Software coverage is \$ 250,000; auto coverage includes Collision and Comprehensive coverage with deductibles of \$ 250 and \$ 500 respectively, and general liability of \$ 2,000,000 each occurrence and \$ 5,000,000 aggregate with \$ 5,000 medical payments. The settlements have not exceeded insurance amounts in the past three years.

Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. On or before May 31 of each year, the proposed budget is prepared and presented to the board for review. The board adopts the budget and amends the budget throughout the year as needed.

The District is required by state statute to adopt the annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Board of Directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

The budgetary level of control is at the line-item level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee.

The Districts budgetary basis of accounting is on the modified cash basis. A reconciliation to GAAP is presented on the face of the budgetary schedule.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could be different from those estimates.

2. The Officers and Employees of the District bonds

The District maintains an insurance policy against officers and employee forgery or alteration as required by TCA 7-86-119 with policy limits of \$12,500; theft of money and securities with policy limits of \$ 100,000; employee dishonesty with a policy limit of \$250,000; and counterfeit United States or Canadian paper currency with a policy limit of \$ 100,000.

3. Accounting Standards

The District has adopted all applicable pronouncements of the Governmental Accounting Standards Board, and has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

Supplementary Information

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES AND EXPENSES
ACTUAL AND BUDGET - (BUDGETARY BASIS) AND BUDGET
June 30, 2009

June 30, 2009

	Budget Amounts		Actual Revenues/ Expenditures (Budgetary)	Differences in Recievables and Payables and Depreciation(1)	Actual (GAAP Basis)	Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual			
INCOME						
Telephone Surcharge	\$ 116,564	\$ 116,564	\$ 109,132	\$ (9,997)	\$ 99,135	\$ (7,432)
Wireless Commission	32,000	32,000	43,367	17,142	60,509	11,367
Emergency Communications Board						
Grants & Reimbursements	10,000	10,000	69,372	-	69,372	59,372
Operational Funding	87,060	87,060	71,807		71,807	(15,253)
Interest Income	4,000	4,000	16,142	-	16,142	12,142
Miscellaneous Income	500	500	-	-	-	(500)
Total Revenue	250,124	250,124	309,820	7,145	316,965	59,696
EXPENSES						
Director	13,580	13,580	13,580	-	13,580	-
Administrative Personal	24,080	24,080	24,070	-	24,070	10
Overtime Compensation	7,500	7,500	6,826	-	6,826	674
Dispatchers/Radio Operators	-	7,850	7,822	-	7,822	28
Social Security	4,000	4,000	3,378	-	3,378	622
Medicare	1,000	1,000	790	-	790	210
Compensated Absences	-	-	-	1,659	1,659	-
Medical Insurance	20,000	20,000	14,712	-	14,712	5,288
Dental Insurance	800	800	648	-	648	152
Retirement Contributions	14,000	3,510	-	-	-	3,510
Addressing and Mapping	10,000	10,000	10,000	-	10,000	-
Advertising	500	500	203	-	203	297
Auditing Services	3,500	3,500	3,500	-	3,500	-
Telephone Contract	28,000	28,000	25,946	-	25,946	2,054
Legal Services	4,200	4,200	4,200	-	4,200	-
Maintenance Agreement	16,500	16,500	15,218	-	15,218	1,282
Office Equipment Maintenance	5,000	5,000	3,624	-	3,624	1,376
Vehicle Maintenance	2,000	2,000	-	-	-	2,000
Office Supplies	2,500	2,500	2,500	-	2,500	-
Postage	400	400	314	-	314	86
Uniforms	400	400	400	-	400	-
Telephone	5,500	6,160	6,160	-	6,160	-
Cell Phones and Pagers	1,500	1,820	1,820	-	1,820	-
Wireless Line Charges	5,400	5,450	5,450	-	5,450	-
Bank Charges	100	100	-	-	-	100
Board Meeting	1,000	1,000	695	-	695	305
Dues and Memberships	250	250	180	-	180	70
Insurance - Liability	7,500	7,500	6,962	(118)	6,844	538
Public Education	500	500	-	-	-	500
Training Expense	2,000	2,600	2,598	-	2,598	2
Travel Expense	5,000	6,010	6,010	-	6,010	-
Other Charges	1,000	1,000	436	-	436	564
Depreciation	-	-	-	26,311	26,311	-
Capital Improvements	62,414	62,414	56,714	(56,714)	-	5,700
Total Expenses	250,124	250,124	224,756	(28,862)	195,894	25,368
Net Income (Loss)	\$ -	\$ -	\$ 85,064	\$ 36,007	\$ 121,071	\$ 34,328
I. A. Accounts Recievable						
Prior year	\$ 27,640					
Current year	34,785					
	<u>\$ 7,145</u>					
B. Prepaid Expense						
Prior year	\$ 4,487					
Current year	4,605					
	<u>\$ (118)</u>					
C. Depreciation						
Current year	<u>\$ 26,311</u>					
	<u>\$ 26,311</u>					
D. Accounts Payable - Compensated Absences						
Prior year				\$ 8,430		
Current year				10,089		
				<u>\$ 1,659</u>		
E. Capital Improvements						
Current Year				<u>\$ 56,714</u>		
				<u>\$ (56,714)</u>		

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Schedule of Information Required by the Tennessee Emergency Communications Board
For the Year Ended June 30, 2009

Number of public safety answering points **1**

Addresses:

Scott County Jail
29 Courthouse Square
Huntsville, Tennessee 37756

Type of System Norstar

Name		Position
Wayne Shoemaker	130 Glenmary Road Robbins Tennessee 37852 Phone 423-627-2767 Fax 423-663-4986	Part-time Director
Rick Russ	P.O. Box 532 Helenwood, Tennessee 37755 Phone 423-569-6486 Fax 423-663-4986	Chairman

Miscellaneous Statistics

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REVENUES AND EXPENSES PAST TEN YEARS
For the Year Ended June 30, 2009
(UnAudited)

YEAR	REVENUES	EXPENSES
2000	120,024	99,240
2001	178,551	109,200
2002	166,296	106,602
2003	159,797	102,637
2004	231,238	123,494
2005	253,178	181,938
2006	228,483	182,969
2007	309,705	187,147
2008	289,641	181,037
2009	316,966	195,895

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Schedule of Expenditures of State Awards
June 30, 2009

Program Title	CFDA #	Grant #	June 30, 2009	Receipts	Expenditures	June 30, 2009
State of Tennessee Assistance						
Department of Commerce and Insurance	N/A	Z03016925	\$ -	\$ 10,000	\$	-
Department of Commerce and Insurance	N/A		-	51,623	51,623	-
	N/A			1,861	1,861	
Total State of Tennessee Assistance			\$ -	\$ 63,484	\$ 63,484	\$ -

* CFDA--Catalog of Federal Domestic Assistance; (1) No Federal CFDA number assigned.
() Indicates unexpended balances at year end and a restricted balance in net assets.

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2009**

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of State Awards of the Scott County Emergency Communications District is presented on the accrual basis of accounting.

Internal Control and Compliance Section

Dennis E. Jeffers

Certified Public Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of Directors
Scott County Emergency Communications District
Huntsville, Tennessee 37756

We have audited the financial statements of the Scott County Emergency Communications District; a component unit of Scott County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 2, 2009. We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scott County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of the Scott County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Scott County Emergency Communications District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Scott County Emergency Communications District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Scott County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Scott County Communications Emergency District's internal control. We consider the deficiencies described in the accompanying schedule of finding and responses as items 97-1, to be significant deficiencies in internal control over financial reporting.

REPORT ON THE INTERNAL CONTROL STRUCTURE

(Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Scott County Emergency Communications District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 97-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 97-1.

Scott County Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Scott County Emergency Communications District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and board of directors of the Scott County Communications District, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee
November 2, 2009

Scott County Emergency Communications District
Schedule of Findings and Responses
June 30, 2009

97-1 Condition: The Scott County Emergency Communications District does not have enough staff to allow for adequate segregation of duties.

Recommendation: The District should use compensating controls such as dual signatures to help make up for its small staff. The District should consider additional personnel for this purpose.

Management response: Compensating controls have been studied and used where practical. We believe that the cost of additional personnel would outweigh the benefit of segregation of duties.